

PROPERTY ASSESSMENT APPEAL BOARD
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

PAAB Docket No. 14-31-0366

Parcel No. 12-07-100-006

Steffensmeier Family Revocable Trust,

Appellant,

vs.

Dubuque County Board of Review,

Appellee.

Introduction

This appeal came on for hearing before the Iowa Property Assessment Appeal Board on May 20, 2015. Nick Mescher, a family member, represented Steffensmeier Family Revocable Trust. Assistant County Attorney Joshua Vander Ploeg represented the Board of Review.

Steffensmeier Family Revocable Trust (the Trust) owns a commercially classified property located at 32577 Nature Trail, Dyersville, Iowa. It is a 19.75-acre vacant site, which includes a one-acre quarry leased and mined by River City Stone. The property also includes support/storage area, timber/ pasture, and depleted/waste areas for the quarry.

The property's January 1, 2014, assessment was \$217,750. This was a change in value from the previous year making all grounds under Iowa Code section 441.37(1)(a)(1) available for protest. The Trust protested to the Board of Review claiming the property was assessed for more than authorized by law under section 441.32(1)(a)(1)(b). The Trust also made a statement on the protest in the area reserved for a claim of change in value. However, this claim, in a reassessment year, is akin to a market value claim. *See Dedham Co-op. Ass'n v. Carroll County Bd. of*

Review, 2006 WL 1750300 (Iowa Ct. App. 2006) (unpublished). The Board of Review granted the protest, in part, and reduced the assessment to \$177,750.

The Trust then appealed to this Board reasserting its claim. It contends the subject property's fair market value is \$10,000.

Findings of Fact

The Trust asserts the value of its quarry property has diminished because the quantity and quality of the rock that can be mined from it is depleting. The Trust referenced a Department of Transportation geologist's report that noted a product known as "chert" was found at the base of the quarry. (Ex.1). The presence of chert, a type of sedimentary rock material, indicates a quarry will no longer be usable deeper than the current level of digging. (Ex. A). Essentially, digging cannot go any further into the quarry floor because of the high amount of chert, which Nick Mescher testified is unsuitable for road building or other commercial use. (Ex. 1).

Nick Mescher testified there is little room for expansion at the site. He indicated truck use is restricted by a maximum 35-ton limit, there is no loader on site, and the site lacks electricity. Mescher testified chert is a useless rock and will only yield roughly \$0.80 a ton. He reports the present lease was renewed at a low rate because no other quarries were interested in the property. Mescher reported the property has generated an average of \$4500 annual income for the past three years, all of which goes to pay the real estate taxes each year.

Mescher believes that while pasture and crop lands on quarry sites in the County are valued uniformly, values for quarry acreage vary from site to site. He does not believe the negative aspects of the subject property, such as the size, road access, and limited useful life, were considered in the assessment.

Assessor Dave Kubik testified on behalf of the Board of Review. He stated his office hired Vanguard Appraisals to revalue its commercial and industrial properties for the 2014 assessment. Kubik noted that his county was fortunate to have four recent sales of quarry sites and worked with Vanguard to develop a valuation method that paralleled the sale prices and quarry locations. The sales are summarized below:

Primary Parcel No.	Sale Date	Sale Price	Total Acres
19 26 300 004	5/2009	\$1,452,000	240
20 22 276 001	1/2009	\$155,000	48.61
10 32 200 009	5/2012	\$4,250,000	66.56
16 06 400 003	4/2011	\$3,200,000	205.17

Based on these sales, Kubik and Vanguard developed the method set forth below to value each quarry by considering their value per quarry acre and additional acreage: support and storage, depleted and wasteland, cropland, and timber and pasture. The following chart to shows each rock quarry in the county and the per-acre assessments of each property type on the quarry sites. (Ex. B). We note the quarry values range from \$75,000 to \$450,000 per-acre with a median of \$250,000.

Parcel	Total Acres/ Quarry Acres	Quarry Per Acre	Support & Storage Per Acre	Depleted & Waste Per Acre	Crop	Timber & Pasture Per Acre
Subject	19.75/1.00	\$175,000	\$7500	\$1000	\$5000	\$2000
Kuhlman Dyersville (5)	35.66/2.00	\$250,000	\$10,000	\$1000	\$5000	\$2000
Mathy Deere	189.25/2.00	\$400,000	\$13,750	\$1000	\$5000	\$2000
Balltown	18.88/1.00	\$75,000	\$7500	\$1000	\$5000	\$2000
Fred Becker	25.18/1.00	\$250,000	\$10,000	\$0	\$5000	\$2000
Tschiggfrie	66.56/2.00	\$500,000	\$20,000	\$0	\$5000	\$2000
Browns	119.20/2.00	\$450,000	\$17,500	\$1500	\$5000	\$2000
Bernard	48.61/1.00	\$50,000	\$5000	\$1000	\$5000	\$2000
Dyersville Ready mix	92.73/2.00	\$150,000	\$7500	\$1000	\$5000	\$2000
Mathy Casade	36.78/2.00	\$150,000	\$7500	\$1000	\$5000	\$2000
Mathy South Dubuque	35.73/2.00	\$450,000	\$15,000	\$1000	\$5000	\$2000
Breuning	7.40/1.00	\$150,000	\$7500	\$1000	\$5000	\$2000
Horsfield-Maiers	148.70/1.00	\$250,000	\$10,000	\$1000	\$5000	\$2000

As previously noted, Kubik also considered the value of the quarries based on their distance from population centers, for example Dyersville or Dubuque. Kubik stated the sales indicated that quarries located close to large population centers yield higher sale prices and, in turn, were assessed higher. In contrast, quarries away from large population centers and near small towns were assessed at a lower rate. The following chart demonstrates the rates from the smallest town (Balltown) to the largest town location (Dubuque). The subject property in Dyersville has a rate near the median level.

Quarry by Population	Parcel Number	Location	Population	Quarry Rate/Acre
Balltown	0505476003	Balltown	65	\$75,000
Bernard	2022276001	Bernard	109	\$50,000
Dyersville Ready mix	1922400005	Cascade	2252	\$150,000
Mathy Casade	1926300004	Cascade	2252	\$150,000
Breuning	1928300004	Cascade	2252	\$150,000
Subject	1207100006	Dyersville	4149	\$175,000
Kuhlman Dyersville	0732476001	Dyersville	4149	\$250,000
Horsfield-Maiers	0719476001	Dyersville	4149	\$250,000
Mathy Deere	0626101002	Dubuque	58,436	\$400,000
Fred Becker	1007376001	Dubuque	58,436	\$250,000
Tschiggfrie	1032200009	Dubuque	58,436	\$500,000
Browns	1033101001	Dubuque	58,436	\$450,000
Mathy South Dubuque	1606400003	Dubuque	58,436	\$450,000

The method Kubik used to value the quarry takes into account the recent quarry sales in the county, as contemplated by Iowa law. Moreover, it appears the method was applied to account for the effect of the quarries' location in relation to population centers, which Kubik believes was supported by the sales prices of the properties. Kubik testified he did not; however, have sufficient information related to a sample of quarries to consider the quality or quantity of rock being taken from these quarries because this information is typically not shared. Moreover, he noted his belief that it would be reasonable to assume this factor would be taken into consideration in a quarry's sales price.

Conclusions of Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2015). PAAB is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB considers only those grounds presented to or considered by the Board of Review, but determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount. §§ 441.37A(1)(a-b). New or additional evidence may be introduced, and PAAB considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); see also *Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct. § 441.37A(3)(a).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the value established in an arm's-length sale of the property. *Id.* Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* If sales are not available to determine market value then "other factors," such as income and/or cost, may be considered. § 441.21(2). The property's assessed value shall be one hundred percent of its actual value. § 441.21(1)(a).

In an appeal alleging the property is assessed for more than the value authorized by law under section 441.37(1)(a)(2), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995).

The sales comparison method is the preferred method for valuing property under Iowa law. *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d at 398; *Soifer v. Floyd Cnty. Bd. of Review*, 759 N.W.2d 775, 779 (Iowa 2009); *Heritage Cablevision v. Bd. of Review of Mason City*, 457 N.W.2d 594, 597 (Iowa 1990). "[A]lternative methods to the comparable sales approach to valuation of property cannot be used when *adequate* evidence of comparable sales is available to *readily* establish market value by that method." *Compiano*, 771 N.W.2d at 398 (emphasis added). "Thus, a witness must first

establish that evidence of comparable sales was not available to establish market value under the comparable-sales approach before the other approaches to valuation [such as an income valuation] become competent evidence in a tax assessment proceeding.” *Id.* (citing *Soifer*, 759 N.W.2d, at 782); *Carlson Co. v. Bd. of Review of Clinton*, 572 N.W.2d 146, 150 (Iowa 1997).

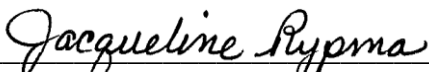
The Trust did not offer any evidence, such as an appraisal or comprehensive market analysis, to show the value of its property. Moreover, the only evidence of the market appears to indicate recent quarry sales were used to develop a uniform method of assessment for the subject and other quarries in Dubuque County. We conclude the Trust has not shown its property is assessed for more than authorized by law.

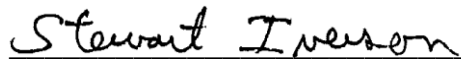
Order


IT IS THEREFORE ORDERED the January 1, 2014, assessment of the subject property as set by the Board of Review is affirmed.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (2015). Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action. Any judicial action challenging this Order shall be filed in the district court where the property is located within 20 days of the date of this Order and comply with the requirements of Iowa Code sections 441.38; 441.38B, 441.39; and Chapter 17A.

Dated this 12th day of June 2015.


Jacqueline Rypma, Presiding Officer


Stewart Iverson, Board Chair


Karen Oberman, Board Member

Copies to
LaVonne Steffensmeier
Joshua VanderPloeg